

Message Text

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PAGE 01 EC BRU 08801 01 OF 02 012151Z

67

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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INFO ALL EC CAPITALS 1133

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 08801

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC AGRICULTURAL COUNCIL, SEPTEMBER 29-30

REFS: (A) EC BRUSSELS 08043 (B) EC BRUSSELS 08706 (C) EC BRUSSELS
08200 (D) EC BRUSSELS 05738

1. BEGIN SUMMARY: THE COUNCIL SPENT THE GREATER PART OF THE TWO-
DAY COUNCIL MEETING FINDING ITS WAY BACK TO THE SAME IMPASSE
ON WINE THAT IT REACHED AT THE SEPTEMBER 9 MEETING. DECISION
WAS PUT OFF TO THE NEXT AG COUNCIL (OCTOBER 13-14). A HALF-
HEARTED PRELIMINARY APPROVAL WAS GIVEN TO THE EC-EGYPT AGREEMENT
DESPITE CONSIDERABLE MEMBER STATE CRITICISM. THE SPECIAL
AGRICULTURAL COMMITTEE WAS, HOWEVER, ASKED TO PURSUE ITS
EXAMINATION OF THIS AGREEMENT. THE COUNCIL DISCUSSED THE
SITUATION ON THE HOPS MARKET AND
THE POSSIBILITY OF EXPORTING NFDN IN THE FORM OF ANIMAL FEED
BUT TOOK NO DECISIONS. THE ONLY CONCRETE DECISION TAKEN CONCERNED
THE FIXING OF SUBSIDIES FOR THE REFINING OF SUGAR FROM THE FRENCH
OVERSEAS TERRITORIES AND THE FIXING OF LEVIES ON THE REFINING
OF ACP AND INDIAN SUGAR BY MIXED (CANE AND SUGAR BEET) REFINERIES.
THE COUNCIL ALSO APPROVED REGULATIONS PUTTING INTO EFFECT

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PAGE 02 EC BRU 08801 01 OF 02 012151Z

DECISIONS REACHED AT THE JUNE 23-24 COUNCIL MEETING ON MARKETING

AND PROCESSING PREMIUMS FOR CITRUS. END
SUMMARY.

2. WINE: THERE SEEMS TO HAVE BEEN LITTLE POLITICAL WILL TO MAKE PROGRESS ON THE WINE ISSUE. EVEN IN ADVANCE OF THE MEETING, THE MEMBER STATES AS WELL AS THE COMMISSION SEEMED TO SHARE THE VIEW ATTRIBUTED TO BONNET THAT THE WINE ISSUE WAS NOT YET RIPE FOR SETTLEMENT. WITH THE TAX ON ITALIAN WINE IMPORTS ALREADY IN PLACE, THE FRENCH DO NOT HAVE GREAT INCENTIVE TO NEGOTIATE AN AGREEMENT WHICH WOULD UNDERCUT THE JUSTIFICATION FOR THIS MEASURE. THERE IS, ON THE OTHER HAND, A SUSPICION THAT THE ITALIANS MIGHT NOT BE ADVERSE TO LETTING THE MATTER DRIFT INTO THE LARGER CONSIDERATION OF THE STOCKTAKING OF THE CAP. AND THE MAIN INTEREST OF THE OTHER MEMBER STATES IN THE ISSUE IS, OF COURSE TO LIMIT ITS IMPACT ON THEIR POCKETBOOKS -- SO THEY ARE NOT DISPOSED TO FORCE THE ISSUE. INERTIA ON THE WINE ISSUE IS ALSO ENCOURAGED BY THE BELIEF THAT THE WORST OF THE PROBLEM MAY BE OVER AND THAT THE SMALLER, HIGHER QUALITY HARVEST NOW EXPECTED THIS YEAR WILL CONSIDERABLY REDUCE ITS DIMENSIONS. THUS, THE COUNCIL FLOUNDERED ONCE AGAIN ON THE CONDITIONS AND PRICE OF DISTILLATION AND ON THE GUARANTEES TO BE GIVEN TO WINE PRODUCERS. THE COMMISSION WAS INSTRUCTED TO DRAW UP A COMPREHENSIVE COMPROMISE PROPOSAL FOR CONSIDERATION AT THE SCHEDULED OCTOBER 13-14 MEETING OF THE AGRICULTURAL COUNCIL.

3. THE FRENCH INDICATED THAT THEY WOULD RESPOND TO THE COMMISSION'S NOTE CONCERNING THE FRENCH TAX ON ITALIAN WINE IMPORTS (WHICH DECLARED THIS MEASURE ILLEGAL) WITHIN A FEW DAYS BUT OTHERWISE THE DISCUSSION SEEMS TO HAVE SHIED AWAY FROM THIS POINT.

4. EC-EGYPT AGREEMENT: THE PROPOSED EC-EGYPT AGREEMENT WAS CRITICIZED BY ITALY, THE UK, GERMANY AND DENMARK. THE CRITICIS, WHICH WAS DIRECTED MORE TOWARD THE PRINCIPLE OF SUCH AGREEMENT THAN THE EGYPTIAN AGREEMENT ITSELF, FOCUSED ON THE FOLLOWING PINTS:

(1) THE PROCEDURAL QUESTION -- I.E., THE FACT THAT THE COUNCIL WAS NOT PRPERLY CONSULTED PRIOR TO THE COMMENCEMENT OF NEGOTIATIONS.

(2) THE ADDITIONAL COST THAT SUCH AGREEMENTS MIGHT INVOLVE LIMITED OFFICIAL USE

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PAGE 03 EC BRU 08801 01 OF 02 012151Z

(IN THE EVENT THAT EXORT SUBSIDIES WERE NEEDED TO MEET THE AGREED PRICE) AND THE FACT THAT, ONCE AGAIN, EC FUNDS WOULD BE USED TO BENEFIT FOREIGN RATHER THAN COMMUNITY CONSUMERS.

(3) THE FACT THAT CONSLUSION OF SUCH AGREEMENTS COULD INVOLVE THE BUILDING-IN OF SURPLUS PRODUCTION INTO THE CAP STRUCTURE.

(4) THE DELETERIOUS EFFECT ON RELATIONS WITH OTHER THIRD

COUNTRY EXPORTERS (E.G., THE UNITED STATES).

THE DANISH WERE VERY ADAMANT ABOUT THE FIRST POINT WHILE GERMAN AND BRITISH REMARKS FOCUSED ON POINTS 2 AND 3. THE ITALIANS APPEARED GENERALLY CONCERNED WITH THE SECOND POINT WITH MORE SPECIFIC CONCERNS ABOUT THE ABILITY OF THE EC TO SUPPLY THE QUANTITY OF GRAINS TO SATISFY THIS (AND OTHER POSSIBLE) AGREEMENTS. THE GERMANS ALSO EXPRESSED DISAPPROVAL OF THE DEPARTURE FROM THE MARKET ECONOMY WHICH THE AGREEMENT WOULD REPRESENT --I.E., ITS QUASI-STATE TRADING NATURE.

5. DESPITE THESE OBJECTIONS THE PRESS RELEASE STATES THAT THE COUNCIL TOOK A FAVORABLE VIEW ("ORIENTATION FAVORABLE") OF THE PROPOSED AGREEMENTS, WHICH SUGGESTS THAT THE CRITICAL MEMBER STATES ARE NOT REALLY INTENT UPON BLOCKING THE AGREEMENT. FRANCE WAS REPORTEDLY THE STRONGEST MEMBER STATE ADVOCATED OF THE AGREEMENT. THE COUNCIL ASKED THE SPECIAL AGRICULTURAL COMMITTEE TO PURSUE ITS TECHNICAL EXAMINATION OF THE AGREEMENTS AND INDICATED THAT THE FINDINGS OF THIS COMMITTEE WOULD BE DISCUSSED AT THE NEXT SESSION. IN THE MEANTIME, THE AGREEMENT IS SCHEDULED TO BE DISCUSSED AT THE OCTOBER 6-7 FOREIGN MINISTERS COUNCIL.

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PAGE 01 EC BRU 08801 02 OF 02 012129Z

67

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INFO ALL EC CAPITALS 1134

LIMITED OFFICIAL USE SECTION 2 OF 2 EC BRUSSELS 08801

PASS AGRICULTURE

6. NFDM: IN JULY, THE COMMISSION PROPOSED THE SALE OF PRE-1974 INTERVENTION STOCKS OF NFDM (ABOUT 80,000 M.T.) AT REDUCED PRICES FOR EXPORTATION IN THE FORM OF ANIMAL FEEDS (REF. C). THIS PROPOSAL WAS DISCUSSED BY THE COUNCIL. (HOWEVER, THE PROPOSAL NOW CONCERNS THE ESTIMATED 90,000 M.T. OF NFDM PUT INTO STOCK BEFORE APRIL 1, 1974). WHILE THE EXACT PRICE AT WHICH THESE STOCKS WOULD BE RELEASED HAS APPARENTLY NOT BEEN PROPOSED, THE COMMISSION HAS HINTED THAT IT WOULD BE IN THE NEIGHBORHOOD OF THE INTERVENTION PRICE APPLICABLE AT THE TIME THE STOCKS WERE BROUGHT IN (660 U.A./M.T. FOR THE 1973/74 YEAR). THE GERMANS, BRITISH, AND ITALIANS OPPOSED THIS MEASURE ON THE GROUNDS THAT IT WOULD UNDERCUT EXISTING EC EXPORT MARKETS FOR SUCH PRODUCTS. THE PROPOSAL WAS KICKED BACK TO THE SPECIAL AGRICULTURAL COMMITTEE AND IS SUPPOSED TO BE DISCUSSED AGAIN AT THE NEXT AG COUNCIL.

7. HOPS: THE BELGIANS APPARENTLY SOUGHT A REVISIONS OF THE AIDS PARPOSED BY THE COMMISSION FOR THE 1974 HOP HARVEST WITH RESPECT TO CERTAIN VARIETIES PRODUCED IN BELGIUM. THE MAJORITY OF THE COUNCIL DID NOT SUPPORT THIS REQUEST. THE COMMISSION PROPOSAL MUST BE REVIEWED BY THE EUROPEAN PARLIAMENT BEFORE IT CAN BE ACTED UPON BY THE COUNCIL.

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PAGE 02 EC BRU 08801 02 OF 02 012129Z

8. SUGAR: IN ITS ONLY CONCRETE DECISION OF THE SESSION, THE COUNCIL GRANTED SUBSIDIES FOR THE FREINING OF SUGAR FROM FRENCH OVERSEAS TERRITORIES OF 1.04 U.A./100 KG. FOR THE PERIOD MARCH 1. JUNE 30, 1975 AND 1.20U.A./100 KG. FROM JULY 1, 1975 TO JUNE 30, 1976. THE COUNCIL ALSO IMPOSED A TAX OF 1.20 U.A./100 KG. FOR THE JULY 1, 1975 -JUNE 30, 1976 PERIOD ON SUGAR FROM THE ACP COUNTRIES AND INDIA WHICH IS USED BY MIXED REFINERIES (I.E., THOSE UTILIZING CANE AND BEET SUGAR, WHICH HAVE LOWER OPERATING COSTS). THIS MEASURE AIMS AT ENSURING THAT IMPORTED CANE SUGAR CONTINUES TO BE PROCESSED BY BRITISH REFINERIES RATHER THAN BY EC BEET REFINERIES OPERATING OUT OF SEASON. THE COMMISSION WAS ALSO ASKED TO DO A STUDY OF THE COMPARATIVE COSTS OF SUGAR REFINERIES AND TO PRESENT PROPOSALS TO AVOID A "DISTORTION OF COMPETITION" AMONG REFINERIES AND TO ENSURE THE MARKETING OF FRENCH OVERSEAS SUGAR IN THE 1976/77 SUGAR YEAR.

9. CITRUS: THE COUNCIL APPROVED REGULATIONS PUTTING INTO EFFECT THE DECISIONS REACHED AT THE JUNE 23-24 COUNCIL MEETING ON MARKETING PREMIUMS FOR ORAGNES AND LEMONS, TRANSFORMATION(OR PROCESSING) PREMIUMS FOR ORANGES, AND CERTAIN TECHNICAL CHANGES IN THE REFERENCE PRICE MECHANISM (SEE REF. D). THESE REGULATIONS WILL BE REPORTED SEPARATELY AS SOON AS THEY ARE PUBLISHED.
GREENWALD

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